

# **Agency Strategic Plan**

## ***Department of Mines, Minerals and Energy***

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### **Agency Mission, Vision, and Values**

#### **Mission Statement:**

It is the mission of the Department of Mines, Minerals and Energy (DMME) to enhance the development and conservation of energy and mineral resources in a safe and environmentally sound manner to support a more productive economy.

#### **Agency Vision:**

We envision DMME as a nationally recognized energy, geology, and mineral extraction customer service agency that showcases worker and public safety and environmental protection. Further, we see ourselves as a model agency known for the leadership of our people -- one that uses strategic planning and management to provide the high quality, innovative, one-stop service and information that adds value in the eyes of our customers and the public; is trusted to exhibit high standards of competency and fairness in all aspects of our work and relationships; and empowers, develops, and treats our employees with fairness and respect creating the workplace of choice in our communities.

#### **Agency Values:**

- **In dealing with our customers, we value operating with a high sense of ethics, honesty, and integrity**
- **In dealing with our customers, we value demonstrating fairness, respect, responsiveness, straightforwardness, and deliberateness in our actions and communications.**
- **In dealing with our customers, we value functioning in a competent and knowledgeable manner.**  
Functioning in a competent and knowledgeable manner emphasizes such principles as: consistency in service provision; attentiveness to customer's needs and their organizational and operational requirements; and being firm, yet flexible, in delivering services which focus on safety, energy, the environment, and economic development.
- **In dealing with our customers, we value operating in a seamless manner to deliver quality customer services.**
- **In dealing with each other, we value setting priorities to ensure that critical/essential services are delivered with quality by staff who are properly supported and equipped with adequate resources.**
- **In dealing with each other, we value meeting the requirements of the law and externally driven policies, but always being innovative where flexibility exists.**
- **In dealing with each other, we value innovation and creativity, acknowledging that mistakes will be made from which we can learn.**
- **In dealing with each other, we value trust and mutual respect.**
- **In dealing with each other, we value doing the right things, ethically and honestly.**
- **In dealing with each other, we value developing and training ourselves.**
- **In dealing with each other, we value going beyond normal duties to help others and to seek and provide accurate and helpful advice.**
- **In dealing with each other, we value openly communicating agency plans and decisions and therefore recognizing each other's need for information and understanding.**
- **In dealing with each other, we value assuming accountability for work quality, while at the same time, accepting responsibility for working seamlessly.**
- **In dealing with each other, we value dealing with tough situations by keeping a sense of humor and being "good sports."**

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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### Agency Executive Progress Report

#### Current Service Performance

DMME measures its service performance through performance measures tied to its strategic goals and objectives.

DMME's first goal is to provide for safe and environmentally sound mineral resource extraction.

The agency's first objective under this goal is to eliminate accidents, injuries, and fatalities at mineral extraction sites.

- DMME measures the five-year rolling incident rate of serious personal injuries and fatalities at mineral extraction sites to assess its current service performance. The incident rate for calendar year 2004 was 0.34 incidents per 200,000 work hours. This compares to a five-year rolling average of 0.38. The incident rate has shown a decreasing trend since 1997.
- DMME also is measuring the percentage of safety violations issued to mineral extraction operators that have been successfully eliminated by the violations' abatement due dates. DMME has four quarters of baseline data showing that mineral extraction operators successfully abated 97.0% of safety violations by their due dates. Mineral mine operators successfully abated 98.3% of safety violations by their due date during the second half of FY 2004.

A second objective under this goal is to eliminate adverse environmental conditions and public safety hazards resulting from mineral and fossil fuel extraction.

- DMME measures the five-year rolling average of mineral extraction sites with no adverse off-site environmental damage or public safety hazards. The FY 2004 rate was 97.5%. This compares to the five-year rolling average of 97.26%.
- DMME also is measuring the percentage of environmental protection violations issued to mineral extraction operators that have been successfully eliminated by the violations' abatement due dates. DMME has four quarters of baseline data showing that mineral extraction operators successfully mitigated 81% of environmental violations by their due dates. Mineral mine operators successfully mitigated 85.6% of environmental violations by their due dates during the second half of FY 2004.

A third objective under this goal is to improve the health, safety, and environmental knowledge and skills of mineral and fossil fuel workers.

- DMME measures the percentage of miners who rate DMME mine safety training as very helpful or very effective in helping them work more safely. DMME has four quarters of baseline data that show 70.2% of miners rated the training as very helpful or very effective. The rate for the second half of FY 2004 was 72.3%.

DMME's second goal is to encourage economic development through its customers' management of Virginia's energy, mineral, land, and water resources.

DMME's first objective under this goal is to improve its customers' ability to establish and maintain efficient, viable operations.

- DMME measures the percentage of timely permit decisions made on initial permit applications for mineral mines, coal mines, and gas and oil operations. In FY 2004, DMME made 99% of its permit decisions within established deadlines. DMME's five-year average is 97.8% of permit decisions made within the deadlines.

DMME's objective under its second goal is to improve its customers' capabilities in the development and wise use of rock, mineral, land, and water resources, and energy technologies.

- DMME measures the availability of geologic and mineral resource information through the Virginia Geospatial Data Index. This is a measure of the availability of geologic and mineral resource information from DMME. It is based on the level of detail and degree of completion of geologic datasets, adjusted by a relevance

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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weight related to the population growth in the county covered by the data. DMME has a target of 4% annual growth of the index. The index has grown by an average of 8% per year over the last five fiscal years.

- DMME also measures the percentage of forms submitted electronically by its customers. DMME's customers electronically submitted 60% of total forms in the second half of FY 2004. This compares to an average of 50.6% over FY 2003 and FY 2004.

DMME's third goal is to provide for the effective performance of DMME personnel. DMME strives to do "the right things well".

Internal DMME performance objectives include enabling all employees to meet or exceed their annual employee objectives and for the agency to remain in compliance with external administrative mandates, achieve a rating of meets or exceeds expectations from 90 percent of customers surveyed regarding the delivery of DMME services, provide for the most efficient and effective application of DMME's resources, and enable DMME's employees to effectively utilize available technology.

- DMME measures the performance of its administrative functions through a wide variety of performance measures. These include measures, such as the percentage of employees at contributor or higher level in performance evaluations (0% does not contribute, 25% at contributor, 65% at exceeds, 10% at extraordinary in 2004 cycle); prompt pay compliance (98.8% of dollars paid within 30 days in FY 2004; target is at least 95%); payroll accuracy (99.8% accuracy on the first entry for FY 2004; target is at least 98%); proportion of vehicle service hours on direct repair services (73.1% of time for FY 2004; target is at least 70%); proportion of purchases made within 24 hours of requisition (97.8% in FY 2004; target is at least 95%); proportion of DMME staff rating administrative services as meeting or exceeding expectations (100% in FY 2004; target is at least 90%); and average hours of training per DMME employee (38.6 hours/employee for FY 2005; annual target is 40 hours/employee).

### **Productivity**

DMME productivity has increased markedly over time. DMME has provided more services to a greater number of customers over the years. DMME has increased services in areas that include special mine safety services to small coal mines, such as training, mining plan technical assistance, and on-site job safety analysis; and registering and providing services to over 1,500 independent contractors on mineral extraction sites. DMME also established a separate gas and oil regulatory program, with no new funding or employees, out of what was a small part of its mine safety division. Today, the gas and oil program has 5,694 sites under permit (3,876 producing wells and 1,818 pipelines and ancillary facilities); and Virginia's gas industry produces as much natural gas as is used by all residences in the state.

The agency has provided the increased services with fewer employees and resources than in past years, reflecting increased productivity.

- DMME currently has 235 FTE (full-time equivalent) positions. DMME's FTE number has ranged from a high of 298 to today's low of 235 FTEs. DMME has averaged 243 FTEs over the last five years.
- DMME's FY 2005 budget is approximately \$27 million. This is the same in nominal dollars as its FY 1986 budget, the agency's first full fiscal year of operation. Adjusted for inflation, this 1986 budget is equivalent to \$47.5 million today. In FY 2005 DMME provided an expanded level of customer service with only 57% of the FY 1986 inflation-adjusted budget.

Without an increase in its budget, DMME will face a budget shortfall in the coming biennium and will no longer be able to maintain its current level of services. DMME is principally supported by general funds, federal funds, and license and permit fees. The department budgets its license and permit fee funds over a multi-year period to account for annual variations in revenue and the fact that greater amounts of permit fees are collected when initial permits are issued than are collected in later years of a permit's life. DMME has used these funds to help lessen the effects of past budget cuts. The agency will deplete these funds in the coming biennium and will be unable to maintain its current service and personnel level without additional funds. DMME therefore is requesting an increase in general funds in the new biennium to maintain its level of service to customers.

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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### **Major Initiatives and Related Progress**

DMME has initiatives underway to increase the safety and business capability of its customers.

- DMME is scanning and digitally placing maps of underground coal mines into a comprehensive mapping and data system. To date, DMME has scanned 21,000 underground mine maps into its records. DMME estimates there are at least an additional 11,000 maps available to be scanned. DMME is then geo-referencing these mines in a geographic information system and recording data on each mine into a searchable database. This will allow underground coal mine operators, gas well operators, consultants, economic development officials, the public, and DMME staff to find the locations of abandoned coal mines near proposed operations. This will enable coal mines to be operated with reduced risks such as mining into adjacent active or abandoned workings or gas wells. Mining into abandoned workings exposes miners to dangers from water, carbon monoxide, or methane inundation. Mining into a gas well exposes miners to increased risk of explosion. Economic development officials can find new sources of water for projects or avoid areas with mine subsidence risk. The mine mapping system also is being used to identify new blocks of coal available for mining.

- Virginia experienced a horrible mining accident in August 2004 that resulted in the death of a three-year boy in his sleep when a rock was dislodged by mining activity located upslope from his home. As a result of the investigation into the accident, Virginia enacted, as emergency legislation, amendments to the Virginia Coal Mine Safety Act and the Virginia Coal Surface Mining and Reclamation Act. These amendments, among other changes, require coal mine operators to submit, for DMME approval, ground control plans that will address control of mining operations located above residences or other occupied buildings. Additionally, civil penalties for incidents resulting in personal injury or fatality to persons are being increased from up to \$5,000 per incident to up to \$70,000 per incident. DMME also worked with Virginia's coal mining industry to develop needed amendments to the Virginia Coal Mine Safety Act. These changes also were included in the emergency legislation. DMME is working with Virginia's coal mining industry to implement these changes.

- There was a jump in coal mining fatalities nationwide in early 2006. Lessons learned from the initial review of the fatalities led to amendments to the Virginia Coal Mine Safety Act to expand the requirements for mine emergency response plans and for availability of self-rescuers in underground coal mines. Additionally, DMME is charged with evaluating the capabilities and availability of underground coal mine wireless communication and tracking systems. DMME may require use of such communication and tracking systems when they are found effective. DMME is working with Virginia's coal mining community to implement these requirements.

- Virginia enacted provisions in 1990 to enable development of coalbed methane resources. Prior to 1990, these natural gas resources were wasted by venting into the atmosphere during mining operations. The coalbed methane resources were undeveloped due to conflicts over ownership of the gas. The measure provided for escrowing funds when the ownership of the coalbed methane was in conflict. This allowed an exponential growth in Virginia's coalbed methane industry. A 2004 Virginia Supreme Court decision resolved the conflict for some of these conflicting claimants, opening the door for payments out of the escrow account to the rightful owners. DMME and the Virginia Gas and Oil Board are working to facilitate the processing of the escrow payments.

- Sharp increases in energy costs and interest in offshore natural gas development led to passage of significant energy policy legislation in 2006. DMME will be developing a 10-year Virginia Energy Plan and will implement a new biofuels incentive program in response to these activities.

- Executive Order 54 (2003) directed state agencies to reduce energy use by 10% by 2006 compared to 2002. Agencies were directed to use energy savings performance contracting as a primary method to achieve these savings. DMME, working with the Departments of General Services, Treasury, and Planning and Budget, is assisting agencies to implement energy savings performance contracts. DMME estimates that more than \$150 million in performance contracts are being developed or are in place. DMME estimates that these energy

# **Agency Strategic Plan**

## ***Department of Mines, Minerals and Energy***

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savings performance contracts should save the Commonwealth about \$11 million in energy costs per year.

- DMME is developing an electronic business-to-government system for its mineral mining customers. The system provides mineral mine operators with the ability to electronically submit permit/license applications, make annual reports of tonnage mined and employee hours, and otherwise conduct their business with DMME online. DMME will work with mineral mine operators to expand the use of this e-government system through the next fiscal year. DMME also plans to use the computer systems developed for the mineral mining program to develop similar e-government systems for its gas and oil and coal mine safety programs.

### **Virginia Ranking and Trends**

DMME has used the United States Senate and Productivity and Quality Award (SPQA) process to evaluate the effectiveness and efficiency of its services against the SPQA criteria. The SPQA criteria are based on the Malcolm Baldrige Award criteria. The criteria address leadership, strategic planning, customer and market focus, information and analysis, human resources, process management, and business results. DMME received the Medallion of Quality in 1997 and the Award for Continuing Excellence (ACE Award) in 2002. DMME was the first Virginia state executive agency to receive the Medallion and remains the only state agency or institution to receive the ACE Award.

DMME's activities are regularly benchmarked against other states' activities in a number of areas. For example, other states and the federal Office of Surface Mining and Mine Safety and Health Administration have used DMME's underground mine mapping initiative as a national example of how to make information available about locations of abandoned underground coal mines. Based on DMME's experience with performance measurement, the Office of Surface Mining has used DMME as a key partner in developing its national performance measurement system. DMME's coal mining electronic permitting process has been benchmarked by numerous other states.

DMME has received awards in a number of other areas. For example, the DMME Division of Mines has received the federal Mine Safety and Health Administration's (MSHA) Annual Training Materials Competition first place and grand prize awards in 2003 and 2004 for its mine emergency and remote control miner training materials. The DMME Division of Mineral Mining's trucker safety training program, "Drive Home Safely", received MSHA's first place award in the 2002 State Metal/Nonmetal division competition.

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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### Customer Trends and Coverage

- Mineral extraction operators: 350 out of a potential 350.
- Mineral extraction workers: 9,000 served out of a potential 9,000.
- Public affected by mineral extraction operations: 250,000 served out of a potential 250,000.
- Affiliated mineral extraction business interests: 2,800 out of a total 3,000.
- Other governmental agencies: 170 served out of a potential 300.
- General public and businesses: 1,600,000 out of a potential of 7,500,000

(All Virginia residents are potentially served through DMME's mineral resource and energy efficiency programs. DMME does not track actual numbers of individual people served. DMME's emergency petroleum management activities served communities totaling 1.6 million people during the last year.)

### ANTICIPATED CHANGES IN CUSTOMER BASE

#### Mineral extraction operators

- Recently there has been a sharp increase in natural gas costs. This has caused an increase in the number of new gas and oil wells permitted in Virginia to approximately 450 new wells per year. New gas well operators are interested in working in Virginia. This trend is expected to continue as long as the price of natural gas remains above \$3-4/thousand cubic feet.
- DMME expects the number of coal mines to remain relatively stable and the tonnage produced to be stable or slightly increase as long as the price of coal remains above \$40/ton. There were 294 producing coal mines in 2004. While the number of mines is expected to be stable, DMME expects to see an increase in regulatory activity as mine operators enlarge the size of existing mines or restart those that have been in temporary cessation.
- Coal mines must remain under permit and bond for a minimum time to guarantee that the land has been successfully reclaimed. There were 562 inspectable coal mining units (active mines, mines in temporary cessation, and mines in reclamation status) in 2004. DMME expects this number to remain stable over the next three years.
- In 2004, 106,308,288 tons of non-fuel minerals were produced from 472 mines. DMME expects that there will be a similar number of permitted mineral mines and an increase in mineral production as long as Virginia's economy remains strong and interest rates remain relatively low. Any offset in residential or commercial construction due to rising interest rates may be offset by additional funds available for transportation projects.

#### Mineral extraction workers

- DMME expects the total number of coal miners to remain stable or increase slightly if coal prices remain high. However, a large percentage of working coal miners will be reaching retirement age over the next five years. Mining companies already are facing difficulties replacing these miners with new employees. This need for new miners is causing an increasing demand for coal miner certification training and other new miner services.
- DMME expects the total number of mineral miners to remain relatively stable. However, approximately one-third of mineral miners and one-half of mineral mine supervisors are replaced every five years, causing an ongoing demand for new mineral miner training and certification.
- As the number of permitted wells, gathering pipelines, and associated facilities increases in Virginia, the number of workers drilling the wells, constructing the pipelines and associated facilities, and maintaining the facilities will continue to increase. Virginia expects this trend to continue over the next three or more years.

#### Public affected by mineral extraction operations

- DMME expects there will be additional people affected by mineral extraction operations in the coming years

# Agency Strategic Plan

## *Department of Mines, Minerals and Energy*

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due to the following:

- Surface coal mining operations are locating closer to built-up areas as the available remotely located coal reserves suitable for surface mining dwindle.
- Natural gas producers have indicated that they may need to drill wells more closely together than is currently practiced. This will result in a denser population of well drilling locations and additional gathering pipeline locations
- As suburban and exurban sprawl moves farther out from cities, residential and commercial development overtakes the mineral mine locations.

- The increasing proximity between mineral extraction operations and the public is expected to result in increased opposition to the locations of both existing and new operations. This may cause an increased number of public interest advocacy groups to become active on mineral extraction issues.

Affiliated mineral extraction business interests

- Mining companies are increasingly outsourcing work on mines to independent contractors. The General Assembly gave DMME expanded responsibility for regulation of activities of these independent contractors on coal and mineral mines. As a result, DMME served over 2,800 independent mineral mining contractors in 2004. The department expects the number of independent contractor customers to continue to grow.

General public and businesses

- DMME expects the general public and business customer base to increase over the next few years. As development moves into new areas, there is increasing need for geology and mineral resource information to properly plan for and support new development. As energy costs increase, there is increased interest in energy efficiency and alternative energy information. DMME also is expanding the information available across the Internet. As information is more readily available in electronic form, additional customers will become aware of its availability, thereby increasing DMME's customer base.

Other governmental agencies

- DMME expects the other governmental agency customer group to grow in the next few years. For example, economic development organizations and localities will increasingly need more information from DMME as the coalfield expressway is developed across Southwest Virginia. As electric utility restructuring further develops, DMME will be increasingly asked to assist the Commonwealth with purchasing from new electric suppliers. As energy prices continue to run high, additional state agencies will need assistance with energy efficiency projects.

# **Agency Strategic Plan**

## ***Department of Mines, Minerals and Energy***

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### **Future Direction, Expectations, and Priorities**

With the increasing number of new employees needed in the coal industry to replace retiring workers (average age is over 50) and in the mineral mining industry to account for worker turnover (approximately 1/3 of mineral miners and 1/2 of supervisors every 5 years), DMME will be asked to provide additional training. This will require DMME to expand partnerships with community colleges, develop standard training curriculum for use by company trainers, and implement other initiatives to meet the demand. Additional challenges in training will be due to the increase in non-English speaking workers entering the mineral mining industry.

Implementation of total maximum daily load (TMDL) water quality limits, regulation of mining activities near and in ephemeral and intermittent streams and wetlands, increased emphasis on protection of endangered and threatened species, and settlement of court cases challenging national regulatory standards will make it more difficult to permit new coal mining operations. Coal mining customers will expect coordination among multiple regulatory agencies, using methods such as a consolidated mining permit application and consolidated agency review to streamline the permitting process. DMME will be expected to take a lead in developing and managing such a consolidated permitting process in the face of increasing federal involvement in all aspects of mining regulation.

State agencies and institutions, as all consumers, are facing higher energy costs. They will increase their demands for DMME's services to help minimize energy expenditures, reserving their funds for direct service delivery.

Development of the Coalfields Expressway (CFX) will require DMME to coordinate its coal mining regulatory programs with the construction activities to minimize disruption of the highway construction. DMME also will be asked to facilitate surface coal mining operations to provide new, flat sites for economic development along the CFX route.

With high energy prices, there is a growing interest in developing offshore hydrocarbon deposits. DMME will be expected to provide technical support to state policy decision-makers as the Commonwealth faces issues raised by the offshore activities.

Increasing development of mineral extraction sites near built-up areas will result in increased conflicts between the mineral extraction and other land uses. This will increase citizen opposition to new mines or gas or oil operations. There may be a growth of NIMBY groups and of environmental activists willing to use civil disobedience to stop development. DMME will be increasingly asked to referee these conflicts through its permitting process and handle increased numbers of formal and informal hearings about permitting activities.



# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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### **Impediments**

DMME is facing the need to replace a significant proportion of its workforce in the next five years. The average DMME employee is 52 years old and has 17.5 years of state service. As of May 1, 2005, 14 are eligible to retire immediately, and 44 will be eligible to retire within the next five years (26% of DMME's workforce). This change in workforce will eliminate a significant amount of the institutional knowledge that helps DMME understand and face the challenges of providing high quality customer service in the worker safety, environmental protection, geology, and energy conservation arenas. DMME recruitment and retention will be made more difficult as the industry offers higher wages to deal with its labor shortage.

The authorization to collect fees to fund the federal Abandoned Mined Land (AML) program will expire on September 30, 2005, without renewal by the federal government. DMME receives approximately \$6 million per year to fund reclamation of abandoned coal mine lands causing public safety and environmental harm; replacement of drinking water supplies damaged by historic coal mining practices; responses to abandoned mine related public health and safety emergencies (landslides, mine fires, land subsidence, mine blow-outs); and efforts to clean up streams damaged from acid mine drainage. The AML program also provides a significant portion of DMME's budget, both direct program costs and indirect costs supporting the agency's administrative services. Future unavailability of the AML funds would require a significant restructuring of DMME's services.

There are a number of efforts underway to centralize state government activities, including leases in some geographic areas, information technology services, and enterprise applications. DMME maintains low-cost, efficient systems that provide many of these functions. A move to use of centralized systems will cause at least a temporary loss in efficiency as the new systems are put in place, requiring transfer of information from agency legacy systems to the new systems, slower processing of the activities during retraining of agency employees, and increased agency costs to cover any new fees.

## **Agency Background Information**

### **Statutory Authority**

DMME's authority is found at Title 45.1 of the Code of Virginia.

- Chapter 14.1 provides for the establishment of the department and its divisions, and establishes the authority of the department director.
- Chapters 14.2 through 14.4, known as the Virginia Coal Mine Safety Act, establish the minimum requirements for coal mine safety in Virginia. The DMME Division of Mines implements the Virginia Coal Mine Safety Act. Virginia's coal mine safety program is implemented independent of the federal mine safety program. However, the federal Department of Labor, Mine Safety and Health Administration recognizes Virginia's state certifications of persons completing specialized duties on coal mines such as mine foremen and mine electricians.
- Chapters 14.4:1 through 14.6, known as the Virginia Mineral Mine Safety Act, establish the minimum requirements for mineral mine safety in Virginia. The DMME Division of Mineral Mining implements the Virginia Mineral Mine Safety Act. Virginia's mineral mine safety program is implemented independent of the federal mine safety program. However, the federal Department of Labor, Mine Safety and Health Administration recognizes Virginia's state certifications of persons completing specialized duties on coal mines such as mine foremen and mine electricians.
- Chapter 15.1, known as the Geothermal Energy Act, establishes requirements for geothermal energy operations in Virginia. There currently are no permitted geothermal operations in Virginia. The DMME Division of Gas and Oil would implement the Geothermal Energy Act if geothermal resources in Virginia were to be developed.
- Chapter 16 establishes environmental protection requirements for operation and reclamation of mineral mines

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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in Virginia. The DMME Division of Mineral Mining implements the mineral mine reclamation act.

- Chapters 18 and 18.1 establish requirements for construction and operation of refuse piles, and water and silt retaining dams on coal and mineral mines in Virginia. The DMME Divisions of Mines and Mineral Mining respectively implement the mine impoundment requirements for coal and mineral mines.
- Chapter 19, known as the Virginia Coal Surface Mining Control and Reclamation Act (SMCRA), establishes environmental protection requirements for operation and reclamation of coal mines in Virginia and issuance of water discharge permits on coal mines. The DMME Division of Mined Land Reclamation implements the Virginia SMCRA. DMME implements this Act under primacy from the federal Department of Interior, Office of Surface Mining. The federal authority is established through the federal Surface Mining Control and Reclamation Act, Public Law 95-87.
- Chapter 21 establishes requirements for exploration for uranium ore in Virginia. Note that mining of uranium ore is prohibited under current Virginia law. There are currently no uranium exploration activities in Virginia. The DMME Division of Mineral Mining would implement this act were companies to permit uranium exploration activities in Virginia.
- Chapter 22.1, known as the Virginia Gas and Oil Act, establishes environmental protection and worker safety requirements for drilling, operation, plugging, and reclamation of gas and oil wells and related facilities; requires replacement of certain water supplies damaged by gas or oil well drilling; and sets rules for protection of the correlative rights of persons owning the gas and oil near producing wells. The DMME Division of Gas and Oil implements the Virginia Gas and Oil Act.
- Chapter 25 establishes the geologic and mineral resource investigation and information responsibilities of the DMME Division of Mineral Resources.
- Chapter 26 establishes the energy efficiency program requirements of the DMME Division of Energy.
- Chapters 20 and 24 establish Virginia's membership in the Interstate Mining Compact Commission and Interstate Oil and Gas Compact Commission.

### **Customer Base:**

| Customer Description                             | Served    | Potential |
|--|-----------|-----------|
| Affiliated mineral extraction business interests | 2,800     | 3,000     |
| General public and businesses                    | 1,600,000 | 7,500,000 |
| Mineral extraction operators                     | 350       | 350       |
| Mineral extraction workers                       | 9,000     | 9,000     |
| Other governmental agencies                      | 170       | 300       |
| Public affected by mineral extraction operations | 250,000   | 250,000   |

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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### **Anticipated Changes In Agency Customer Base:**

#### Mineral extraction operations

- The number of permitted coal mining operations and gas and oil sites historically changes based on the price of energy. Although the amount of actual coal and natural reserves is fixed, as the price per ton of coal, thousand cubic feet of natural gas, or barrel of oil increases, the level of economically recoverable reserves and production generally increases. Recently there has been a sharp increase in energy costs, with benchmark grades of oil selling for over \$50/barrel in March and April 2005. Spot Appalachian natural gas prices have ranged near \$6-7/thousand cubic feet through 2004 and 2005. The price of coal has increased to over \$50/ton for steam-grade coal and over \$100/ton for metallurgic coal in mid-2005.

- The increasing price for natural gas, coupled with federal tax credits for producing coalbed methane, has caused an increase in the number of new companies interested in producing natural gas in Virginia and an increase in the number of producing gas and oil wells. In 1990, just prior to the start of coalbed methane production in Virginia, there were 841 producing gas and oil wells in Virginia. This had jumped to 1,692 wells in 1995, to 3,068 wells in 2000, and to 3,876 wells in 2004. This has increased the number of producing wells per inspector from 280 in 1990 to 646 in 2004, or an increase of 231%. The number of producing gas wells is expected to continue as long as the price of natural gas remains above \$3-4/thousand cubic feet.

- The number of Virginia coal mines and tonnage mined had been generally decreasing since 1990. With the current high prices of coal, this trend has stabilized or been reversed. In 2004, 30,564,816 tons of coal were produced from 294 coal mines. DMME expects the number of coal mines to remain relatively stable and the tonnage produced to be stable or slightly increase as long as the price of coal remains above \$40/ton. While the numbers of permits is expected to be stable, DMME expects to see an increase in the number of permit amendments it must process as mine operators enlarge the size of existing permits or restart those that have been in temporary cessation.

- Coal mines must remain under bond for a minimum time after completing active operations to guarantee that the land has been successfully reclaimed. For most mines, the liability period runs for five years after final reclamation is established. Therefore, the number of permitted coal mines, active or in reclamation (referred to as inspectable units), has remained higher than the number of producing coal mines. There were 562 inspectable units in 2004. DMME expects the number of inspectable units to be stable over the next five to seven years as the older mines reaching final permit and bond release are replaced with new or reopened sites. However, permitting activities will increase as coal mining customers must address additional permitting requirements from the U.S. Army Corps of Engineers, U.S. Fish and Wildlife Service, and other agencies.

- The tonnage of non-fuel minerals produced in Virginia historically changes in relation to the state of Virginia's economy. As the economy is strong, mineral mine production increases. As the economy is weaker, production decreases. The production of construction aggregates is also affected by the amount of highway construction and repair and the amount of housing, commercial, industrial, and institutional development.

- Recently, the aggregate industry has grown based on residential, commercial, and institutional construction. In 2004, 106,308,288 tons of non-fuel minerals were produced from 472 mines. DMME expects that there will be a similar number of permitted mineral mines and an increase in mineral production as long as Virginia's economy remains strong and interest rates remain relatively low. Any offset in residential or commercial construction due to rising interest rates may be offset by additional funds available for transportation projects. Most of the increase in production will come from existing mines. New mineral mines are increasingly hard to open due to population growth and development over the top of mineral deposit locations.

#### Mineral extraction workers

- Coal mine employment in Virginia is related to the amount of coal produced in the state and the mechanization of mining. The number of Virginia coal miners peaked in 1949 at 18,341, coincident with the introduction of continuous mining machines. Since that time, coal mine employment peaked in 1977 at 15,742.

- The number of coal miners in Virginia has decreased since 1977, with 10,265 miners producing coal in 1989, 8,318 producing coal in 1994, 5,456 producing coal in 1999, and 4,558 producing coal in 2004. DMME expects the total number of miners to remain stable or increase slightly if coal prices remain high.

- The average age of a coal miner in Virginia is over 50. A large percentage of working miners will be reaching

# **Agency Strategic Plan**

## ***Department of Mines, Minerals and Energy***

---

retirement age in the next five years. Mining companies are already facing difficulties replacing these miners with new employees. This need for new miners is causing an increasing demand for coal miner certification training and other new miner services.

-- Virginia coal mine workers' productivity has increased over time, so that fewer workers are needed to mine each ton of coal. This has primarily been made possible by the use of new technologies for coal extraction, ventilation control, roof control, and other areas. Productivity has increased from 4,430 tons/miner/year in 1989 to 6,707 tons/miner/year in 2004.

- Mineral mine employment in Virginia changes based on the amount of tonnage produced in Virginia's mineral mines and changes in miner productivity. The number of mineral miners also is affected by the use of independent contractors on mineral mine sites. Some operators have shifted parts of operations away from their employees to contractor employees.

-- Virginia had 3,603 production workers in 2004. This compares to 4,816 mineral miners working in 1989, 4,104 mineral miners working in 1994, and 4,258 mineral miners in 1999. DMME anticipates the number of mineral miners to remain relatively stable in the coming years. However, approximately one-third of mineral miners and one-half of mineral mine supervisors are replaced every five years, causing an ongoing demand for new mineral miner training and certification.

-- These factors have caused mineral miner productivity to increase from 18,647 tons/miner/year in 1989 to 29,505 tons/miner/year in 2004.

- As DMME does not have primary jurisdiction for worker safety on gas and oil exploration and production sites it does not maintain records of the number of persons working on gas and oil exploration and production operations in Virginia. However, as the number of permitted wells, gathering pipelines, and associated facilities increases in Virginia, the number of workers drilling the wells, constructing the pipelines and associated facilities and maintaining the facilities will continue to increase. Virginia expects this trend to continue over the next three or more years.

### **Public affected by mineral extraction operations**

- Public located near mineral extraction operations may be affected by activities at those operations. Such affects may include ground vibrations from blasting; degradation of groundwater quantity or quality; uncontrolled release of material such as flyrock or pushed or tracked material from the site; slides; dust from blasting, construction, or travel on soft-surfaced roads; noise or light pollution; or truck traffic. DMME's regulations control many, but not all, of these impacts. While some impacts, such as light, noise, local truck traffic, and hours of operation, may be subject to local government land use controls, DMME receives and must investigate most complaints on all of the mining effects.

- Public located near abandoned mineral extraction sites may be affected by hazards on the abandoned sites, such as open shafts or portals, landslides, ground or surface water pollution discharges, sediment buildup causing flooding, land subsidence, or hazardous gases.

- DMME expects there will be additional people affected by mineral extraction operations in the coming years.

-- Surface coal mining operations are locating closer to developed areas as the available remotely located coal reserves suitable for surface mining dwindle. This brings more of the public into close contact with the mining operations.

-- Development is moving into areas containing historic, unreclaimed coal mine lands, increasing the number of people at risk from these abandoned sites.

-- Natural gas producers have indicated that they may need to drill wells more closely together than is currently practiced. This will result in a denser population of well drilling locations and additional gathering pipeline locations. This will expose more people to the operations than with current practices.

-- Mineral mines have typically been located on the fringes of developed areas. As suburban sprawl moves farther out from urban areas, residential and commercial development overtakes the mineral mine locations. This results in increasing numbers of persons affected by the operations.

# **Agency Strategic Plan**

## ***Department of Mines, Minerals and Energy***

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-- The increasing proximity between mineral extraction operations and the public is expected to result in increased opposition to the locations of existing and new operations. This may cause an increased number of public interest advocacy groups to become active on mineral mine site issues.

### **Affiliated mineral extraction business interests**

- Numerous businesses support mineral extraction operations. These range from engineering firms that assist with permit preparation and facility design; to independent contractors providing non-mining services at mine sites (such as blasting, mobile equipment lubrication and maintenance, logging, overburden removal, plant construction); to independent trucking companies hauling mined material from a mine; to title attorneys and others.

- DMME expects to see an increase in the number of affiliated business interests. Mining companies are increasingly outsourcing work on mines. DMME has been given expanded responsibility for regulation of activities of independent contractors on coal and mineral mines. DMME served over 2,600 independent mineral mining contractors in 2004. The department expects the number of independent contractor customers to continue to grow.

### **General public and businesses**

- DMME provides information on the state's mineral resources, geology, energy efficiency, and alternative energy development to the general public, educational customers (teachers, faculty, and students), facility managers, economic development officials, real estate developers, and other similar customers.

- DMME expects the general public and business customer base to increase over the next few years. As development moves into new areas, there is increasing need for geologic and mineral resource information to properly plan for and support new development. As energy costs increase, there is increased interest in energy efficiency and alternative energy information. DMME also is expanding the information available across the Internet. As information is more readily available in electronic form, additional customers will become aware of its availability, thereby increasing DMME's customer base.

### **Other governmental agencies**

- DMME provides geologic, mineral resource, and energy information to a wide variety of governmental agencies.

- Economic development entities use mineral resource information in their business development activities. Other government agencies use geologic information to plan their projects. For example, this information is critical to proper planning of transportation projects and for completion of environmental impact assessments. Local governments use geologic information as an input to local land use planning processes. Geologic information is used by local or state agencies addressing groundwater issues.

- State agencies are a primary customer of DMME's energy efficiency information. DMME assists agencies in implementing energy service contracts to implement energy efficiency improvement projects in their facilities. DMME assists with submetering energy use in state facilities and in procurement of alternative sources of energy (electricity, natural gas, oil, or renewable energy supplies).

- DMME provides information on the mineral extraction industry to other state and local agencies that have business relationships with the mineral extraction industry. These agencies look to DMME for guidance on how the extraction industry operates.

- DMME coordinates mineral extraction regulatory activities with the similar regulatory agencies in neighboring states and in the federal government. Coal miners living in the area regularly cross borders in the course of their employment. Mining companies operate mines in all three states. Environmental impacts such as water pollution can cross state lines. Both the federal and state governments inspect coal mines for worker safety. This results in the need for reciprocity in worker certification and coordination of programs and regulatory coverage.

- DMME benchmarks its activities with other governmental agencies in such areas as blasting, slurry and coal refuse management, and training.

# Agency Strategic Plan

## *Department of Mines, Minerals and Energy*

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- DMME expects the number of governmental agency customers to grow in the next few years. For example, economic development organizations and localities will increasingly need information from DMME as the Coalfield Expressway is developed across Southwest Virginia. As electric utility restructuring further develops, DMME will be increasingly asked to assist the Commonwealth with purchasing from new electric suppliers. As energy prices continue to run high, additional state agencies will need assistance with energy efficiency projects.

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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### **Agency Products and Services:**

#### **Current Products and Services**

Customer assistance:

- Job safety analysis, risk assessment, hazard identification, training, technical assistance, education, and cooperative projects – in such areas as mine safety, environmental protection and land reclamation during mineral extraction, geologic investigation and mapping, economic mineral information, energy efficiency, and alternative energy development.
- Customer assistance services assist customers maintain safe and environmentally protective mineral extraction sites in compliance with regulatory requirements, use geologic and mineral resource information to manage development and natural resources, and appropriately use or conserve energy resources.

Inspection and enforcement:

- Thorough and consistent inspection and enforcement of laws and regulations addressing worker safety on mineral extraction sites, operational and reclamation environmental controls, and water quality. Assess company and individual responsibility and liability as appropriate. Investigate accidents and complaints. Civil penalty assessment.
- Inspection and enforcement services assist customers to maintain safe and environmentally protective mineral extraction sites in compliance with regulatory requirements.

Certification:

- Certification of persons performing mining and other specialized tasks on mineral extraction sites, such as certification of general coal miners, general mineral miners, mine foremen, blasters, electricians, underground diesel equipment mechanics, gas detection, hoisting engineer, and others.
- Mineral extraction worker certification services assure workers performing specialized tasks necessary to maintain safe mineral extraction sites are qualified to perform these tasks.

Permitting:

- Permit and plan review and approval, financial bonding, coordination with other agencies' regulatory requirements.
- Permitting and plan review services ensure mineral extraction operations can be conducted safely and protective of the environment (operations, land reclamation, water quality) and in compliance with mineral extraction laws and regulations.

Regulatory development:

- Establishing minimum operational and reclamation requirements consistent with governing laws for mineral extraction operations.
- Regulatory services ensure the legal standards governing mineral extraction operations will result in safe and environmentally protective operations while establishing the minimum required intrusion in permitted and licensed operations.

Land reclamation:

- Reclamation of abandoned coal mine lands, orphaned mineral mine lands, and orphaned gas and oil wells, and bond forfeiture sites; replacement of water supplies damaged from historic coal mining operations; emergency reclamation of imminent dangers caused from abandoned mined lands; and restoration of streams damaged by acid mine drainage and sedimentation.
- Land reclamation services correct damage and mitigate risks of future damage from improperly reclaimed mineral extraction lands.

Correlative rights protection:

- Establishment of orders protecting the property interests for persons owning gas or oil interests around producing gas and oil wells (called correlative rights). Management of escrow accounts where

# **Agency Strategic Plan**

## ***Department of Mines, Minerals and Energy***

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ownership of coalbed methane gas is contested and when owners of the gas or oil interests are unknown or unlocatable.

- Protects the ownership interests of persons owning oil or gas rights, ensuring that the proper owners will receive the proceeds from sales of produced gas or oil.

Grants and financing:

- Providing direct grants, serving as a grants manager for federal funds, and developing alternative financing sources for energy efficiency.
- Grant services provide funds to facilitate mineral and energy projects that would not be undertaken without the extra financial support.

Economic development:

- Managing economic development incentives for energy industry development and providing information in support of economic development (site geology, mineral availability, sources of water, and similar information).
- Economic development services support efforts to increase jobs and economic activity in Virginia such as the biofuels incentive program.

Management and administrative support:

- Grant management, budgeting, accounting, accounts payable, human resources, procurement, inventory, information technology services and computer security, document retention, media relations, public information, regulatory and legislative review and development, intellectual properties management, internal auditing, fleet management, and issues management services.
- Management and administrative support services assure compliance with externally mandated program and administrative laws, regulations, and policies (state and federal) and internal management standards, and promotes effectiveness and efficiency (doing the right things well) in DMME's operations.

### **Factors Impacting Agency Products and Services**

- Customer assistance requests are expected to increase as energy costs remain high, to address need to save money spent on energy supplies, and as high energy costs allow development of coal and natural gas in new areas. Utility restructuring provides the opportunity for state agencies and institutions to procure energy through new methods, increasing their needs for assistance. Mineral extraction companies will need additional assistance to comply with new water quality requirements necessary for total daily maximum load (TMDL) implementation plans. Increased use of contractors on mineral extraction sites will increase requests for training and assistance from the contractors.
- Coal mine operators are required to complete ground control plans under the 2005 amendments to the Virginia Coal Mine Safety Act and are required to enhance mine emergency response plans under 2006 amendment to the Act. As part of these plans, operators must designate and take special precautions around "Red Zones", or areas where there are increased risks from ground control failures, and expand coverage of mine emergency response plans. These plans must be approved by DMME. DMME also is charged with evaluating the capabilities and availability of underground coal mine wireless communication and tracking systems. DMME may require use of such communication and tracking systems when they are found effective.
- Issues related to proper control of coal mine refuse impoundments have caused mine operators to develop more comprehensive plans to ensure safety around the impoundments. State review of these plans must be coordinated among the mine operator, DMME, and the federal Mine Safety and Health Administration.
- Drug abuse, particularly with drugs such as methamphetamines, has become more widespread in the Southwest Virginia/Kentucky/Tennessee/West Virginia area. This has caused increased suspicions that



# **Agency Strategic Plan**

## ***Department of Mines, Minerals and Energy***

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drug abuse is a factor in mine accidents, injuries, and fatalities. The federal Mine Safety and Health Administration has led a tri-state effort to raise awareness of this issue.

- Expansion of web-based electronic government capability will increase the efficiency of DMME's permitting and licensing operations, and will increase the sales potential of geologic information and maps.
- High oil and natural gas costs have caused an increase in national interest in development of offshore hydrocarbon resources. Virginia's offshore waters may contain such deposits.
- There is increased turnover in mine workers due to an aging miner workforce and competition with construction for experienced mineral mining workers.
- The mineral mining industry competes with the construction industry for workers. As the construction workforce is increasingly made up of Spanish-speaking workers, mineral mine workers will also become increasingly Spanish speaking.
- Implementation of new permitting requirements by the U.S. Army Corps of Engineers due to mountaintop mining controversies will require increased permitting coordination between DMME and other state and federal agencies.
- Increased availability of digitized underground mine maps will allow mine permits and plans to account for the presence of the old mine works and result in a safer mining environment. Permitting services will have to expand to account for the availability of this information.
- Permitting of new mineral extraction sites will become more difficult as surface coal mining sites move closer to built-up areas (due to the limited areas of remaining coal reserves) and suburban and exurban sprawl reaches areas where mineral mines are located. This will increase the likelihood of litigated issue hearings and court challenges to permit decisions as well as protests against mining.
- Development of the Coalfield Expressway (CFX) across Buchanan, Dickenson, and part of Wise counties will increase the need for waivers of coal mining regulatory coverage when the highway construction crosses coal-bearing property. This will increase DMME's permitting and inspection activity without any corresponding increase in permit fee revenue. This also will increase requests for DMME's support of economic development activities as the new highway opens new areas for industrial, commercial, and residential development.
- Federal authorization to collect fees under the Abandoned Mined Land Program will expire in September 2005 without further Congressional action. Other non-monetary incentives also will end without Congressional reauthorization. Lack of reauthorization will severely limit DMME's ability to provide land reclamation services. The loss of federal funds also will affect DMME's ability to support its administrative support services.
- A recent Virginia Supreme Court decision clarified ownership of coalbed methane gas when surface owners, coal owners, and natural gas owners each believe they own the coalbed methane gas. DMME (and the Virginia Gas and Oil Board) will see increased numbers of requests to release funds out of escrow that have been held in cases of conflicting claims to ownership of the coalbed methane gas. This fund currently has a balance of over \$10 million.
- The U.S. Minerals Management Service (MMS) has increased its interest in offshore sand and mineral resources. The MMS is requesting DMME undertake new geologic investigation activities to locate potential usable offshore deposits. Locating new offshore sand deposits will help provide cost-effective

# **Agency Strategic Plan**

## ***Department of Mines, Minerals and Energy***

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sources of sand for beach replenishment and for industrial mineral production. This will enhance economic development in coastal Virginia communities.

- Some alternative energy development, such as wind and some hydro power development, will face opposition from people or groups that believe the locations of the development are not appropriate.
- Energy efficiency and alternative energy proponents are increasingly pushing for state support for increased activities through such actions as public benefit funds, favorable tax treatment, or utility set asides.
- Changing federal funding priorities for energy efficiency and alternative energy projects may change the amount of resources available for state energy efficiency activities. The U.S. Department of Energy is closing its regional Energy Efficiency and Renewable Energy offices and may lessen its support for market transformation activities.
- Past reductions in DMME's budgets have caused the agency to increasingly rely on permit and license revenue. DMME will spend down fund balances from these sources in the coming biennium and will need additional general fund support to maintain current levels of service.
- DMME will need to replace a significant proportion of its workforce in the near future. This will eliminate a significant amount of the institutional knowledge that helps DMME understand and face the challenges of providing high quality customer service. DMME will be faced with increasing difficulty in finding these high quality workers at state salary rates as mining and other energy industries have substantially increased the amount they pay employees to combat their labor shortages.
- Efforts to centralize state government management activities, such as lease centralization, information technology, and enterprise applications, will effect the ability of DMME to maintain its management and administrative support services as effectively and efficiently as is currently provided. Costs, at least in the short term, will likely increase.

### **Anticipated Changes in Agency Products and Services**

- The demand for DMME's customer services is anticipated to increase as the mineral extraction industry faces continuing business challenges and as energy costs remain high.
- DMME must inspect for and approve additional mining plans, such as ground control and roof control plans, approve enhanced mine emergency response plans, assess capabilities of underground miner wireless tracking and communication systems, and work with mine operators to designate "Red Zones" for safety, as a result of 2005 and 2006 amendments to the Virginia Coal Mine Safety Act. This places additional demands on existing staff in the DMME coal mine safety service area.
- The scope of state review of mine refuse impoundment plans is increasing and more work will be necessary to coordinate the plan reviews among the mine operator, DMME, and the federal Mine Safety and Health Administration.
- With the increased frequency of drug abuse in the Southwest Virginia/Kentucky/Tennessee/West Virginia area, DMME will need to assess possible drug involvement in accident investigations and address drug abuse as part of training programs.
- DMME will need to increase its efforts to develop web-based electronic government capability to meet industry needs and improve efficiency of operations.
- Assessment of potential offshore natural gas resources and the risk from developing and producing

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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these resources will increase demands for DMME's customer assistance in areas of geology, gas and oil operations, and related topics.

- DMME's training and certification services are anticipated to increase as the high number of older workers in the coal industry retire and are replaced with younger workers needing to be certified. DMME's training and certification services will also continue to grow as the construction industry competes with the mineral mining industry for workers, causing a substantial turnover in mineral mine workers. These services will need to be adapted to account for increasing numbers of workers with Spanish as their primary language.
- Recent sharp increases in energy costs have increased the demands for energy efficiency and energy analysis activities, including creation of a new 10-year Virginia Energy Plan.
- DMME's permitting and plan review services will grow as mineral extraction operators take advantage of high energy prices by opening additional coal mines and drilling additional gas wells. Services will also need to grow as additional digitized maps showing underground coal mine and gas and oil locations become available.
- More DMME permitting time will be required for increased coordination of new permitting requirements implemented in response to mountaintop mining controversies and implementation of improved ground control plans on surface coal mines. More permitting time also will be required to respond to controversies caused by mines being located closer to built-up areas.
- DMME will be faced with providing more information about alternative energy development, such as wind and some hydro power development, as these sites face opposition from people or groups that believe the locations of the development are not appropriate.
- Development of the Coalfield Expressway will increase DMME's plan review and inspection activity without any corresponding increase in permit fee revenue. This also will increase requests for DMME's support of economic development activities as the new highway opens new areas for industrial, commercial, and residential development.
- DMME would have to scale back its mined land reclamation and water system replacement activities if the U.S. Congress does not reauthorize the federal Abandoned Mined Land program. Once the current balance of funds are expended, DMME would have to eliminate this program. DMME would have to cut its administrative services if these federal funds are no longer available.
- In response to a recent Virginia Supreme Court decision addressing ownership of coalbed methane gas, there will be increased demand for payments of escrowed funds in cases where there were conflicting claims to ownership of the coalbed methane gas.
- DMME anticipates losing more employees to mine operators as these companies increase their salaries to respond to their labor shortages. We will also be faced with increasing difficulty attracting the same level of experienced employees at current state salaries.
- DMME will need additional general fund support to maintain current levels of service as its permit and license fund balances are fully expended over the next year. Without any additional funds, DMME will need to reduce its level of services to its customers.
- DMME will need to replace a significant proportion of its workforce in the near future as older workers retire. This will require DMME to take special steps to transfer the institutional knowledge from these retiring workers to remaining and new workers.

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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- DMME will be faced with increasing demands for administrative and management services as efforts to centralize state administrative services continue.

### **Agency Financial Resources Summary:**

DMME's funding comes from federal funds (42%); general funds (35%); permit and license fees paid by mineral extraction operators (7%); bond forfeiture proceeds (8%); indirect cost recovery revenue (4%); and miscellaneous sources, such as state designated mine rescue team dues, civil penalty payments, and orphaned mineral mine or well reclamation or plugging revenues (4%).

|                        | <b><u>Fiscal Year 2007</u></b> |                        | <b><u>Fiscal Year 2008</u></b> |                        |
|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|
|                        | <b>General Fund</b>            | <b>Nongeneral Fund</b> | <b>General Fund</b>            | <b>Nongeneral Fund</b> |
| <b>Base Budget</b>     | \$9,545,201                    | \$17,845,337           | \$9,545,201                    | \$17,845,337           |
| <b>Changes To Base</b> | \$1,921,674                    | \$756,631              | \$1,940,416                    | \$756,631              |
| <b>AGENCY TOTAL</b>    | <b>\$11,466,875</b>            | <b>\$18,601,968</b>    | <b>\$11,485,617</b>            | <b>\$18,601,968</b>    |

### **Agency Human Resources Summary:**

#### **Human Resources Overview**

As of May 1, 2005, the Department of Mines, Minerals and Energy has an authorized FTE level of 235, with 226 positions filled and 9 vacancies. DMME has offices in Richmond, Abingdon, Charlottesville, Keen Mountain, and Big Stone Gap, Virginia. There are 16 Division of Energy and Division of Administration employees working in Richmond; 43 Division of Mineral Mining and Division of Mineral Resources employees working out of the Charlottesville office; 31 Division of Mines and Division of Mined Land Reclamation employees working out of the Keen Mountain office; 14 Division of Gas and Oil and Division of Mineral Resources employees working out of the Abingdon office; and 122 Division of Mines, Division of Mined Land Reclamation, and Division of Administration employees working out of the Big Stone Gap office. We use 41 role codes, with the largest employee population (115) in the Minerals Specialist I role (inspection/permit/administrative staff). Field inspection staff are located throughout the state, with the highest concentration in the seven southwest coalfield counties. They work out of all-terrain vehicles and telecommute via cell phone, laptop computers, and two-way radios. DMME will face human resource issues as the current workforce retires and as the mineral extraction industry increases its salaries in response to labor shortages.

#### **Full-Time Equivalent (FTE) Position Summary**

Effective Date: 5/1/2005

Total Authorized Position level ..... 235

Vacant Positions ..... -9

    Non-Classified (Filled)..... 3

    Full-Time Classified (Filled) ..... 223

    Part-Time Classified (Filled) ..... 0

    Faculty (Filled) ..... 0

Wage ..... 4

Contract Employees ..... 2

Total Human Resource Level ..... 232

#### **Factors Impacting Human Resources**

- Dealing with the affects of an aging work force: DMME has an aging workforce. Currently 14

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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employees are eligible to retire with full benefits (at least 55/30) and 44 will be eligible within the next five years (approximately 26% of the current workforce). The average age of the DMME workforce is 52 and the average number of years of service is 17.5

- Retention of highly competent workforce: DMME trains its workforce to be on the cutting edge of technology in the industry it serves. As a result, our employees become targets for other employers. DMME needs the ability to offer financial incentives to have its best employees stay with the agency.
- Demand for more services with less workforce: Over the past 10 years, DMME has lost 55 positions: 28 in the WTA; 12 in the 1996 budget reductions; 6 in the 2002 budget cuts; 7 in the 2003 budget cuts; and 2 positions to VITA in July 2004. As a result of these actions, the agency does not have positions available to cover attrition or to replace employees out due to long-term illnesses and disabilities. Additionally, DMME must immediately refill vacant positions, not leaving positions open to recover separation costs in offset salaries. All positions within the agency have been designated “essential”.
- Offering ongoing specialized training: DMME will have to maintain its commitment to offering specialized training to keep the workforce proficient in advancing industry and DMME technologies.
- Human resource sharing: Due to all of the factors listed above, the need to share personnel and resources among DMME service areas will become a necessity to achieve goals set for programs and services.

### **Anticipated Changes in Human Resources**

- DMME may need to replace 26% of its workforce over the next five years due to retirements. This is on top of other turnover. Additional resources will be needed for severance costs, recruitment, and to respond to salary competition.
- DMME will need to increase personnel and resource sharing to account for shortages in individual positions due to attrition or temporary vacancies due to illnesses or disabilities.

### **Agency Information Technology Summary:**

#### **Current State / Issues**

- DMME has a robust in-house custom application development capability to meet its business needs. DMME has developed most of the applications that DMME’s customers and staff use to meet regulatory responsibilities. Some of the systems were developed using legacy systems such as Universe and need to be updated to use current databases such as SQL. DMME must maintain these critical applications as information technology hardware and software and management of information technology changes.
- DMME has an extensive investment in mapping and underlying data. Layers show surface and underground mines (active and abandoned), gas and oil wells and pipelines, surface topography and uses, and related information. Expanded use of these maps and data are critical to the agency being able to meet its worker and public safety and environmental management responsibilities.

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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### Factor Impacting Information Technology

- Changes driven by VITA transformation activities may change DMME's ability to serve external agency and internal information technology customers. This is likely to increase agency overhead costs to meet the transformation mandates.
- DMME's customers are expecting to transact more programmatic and financial business through DMME's automated systems. This will require DMME to expand electronic government services.
- DMME's customers regularly update their information technology systems. DMME must upgrade its systems to the same level to continue providing high quality service to these customers.
- Federal grantor agencies such as the federal Office of Surface Mining set standards for information technology data and systems. DMME must upgrade its systems to this same level in order to ensure interoperability with the federal agencies.
- DMME is part of the Commonwealth's implementation of the Statewide Agency Radio System (STARS). This will require replacing the agency's unique radio system with new equipment and training agency staff on use of the new system.

### Anticipated Changes / Desired State

- DMME will need to fully implement and maintain comprehensive web-based and laptop computer-based mapping and database systems to show locations of mines, gas and oil wells, pipelines, and related facilities in relation to other land uses.
- DMME will expand its electronic-government systems to include its gas and oil and mine safety programs. The agency will expand appropriate parts of this e-government system such as electronic financial transactions to its non-regulatory programs.
- DMME will update its legacy Universe-based systems to current technology such as SQL-based systems.
- DMME must receive high quality and timely service from VITA, responsive to its locations in Southwest Virginia, its field staff located across the state, and office locations elsewhere in Virginia, with no increases in service costs.
- DMME's IT projects will include enhancements to e-government services, updates to legacy systems, improvements to program-specific applications, and development of interfaces with central state enterprise application systems.
- DMME's IT procurements will address equipment replacement and refresh needs and software maintenance and upgrades.

### Agency Information Technology Investments:

|                           | <u>Cost-Fiscal Year 2007</u> |                  | <u>Cost-Fiscal Year 2008</u> |                  |
|---------------------------|------------------------------|------------------|------------------------------|------------------|
|                           | General Fund                 | Nongeneral Fund  | General Fund                 | Nongeneral Fund  |
| Major IT Projects         | \$0                          | \$0              | \$0                          | \$0              |
| Non-Major IT Projects     | \$0                          | \$11,700         | \$0                          | \$0              |
| Major IT Procurements     | \$0                          | \$0              | \$0                          | \$0              |
| Non-Major IT Procurements | \$67,500                     | \$157,500        | \$67,500                     | \$157,500        |
| <b>Totals</b>             | <b>\$67,500</b>              | <b>\$169,200</b> | <b>\$67,500</b>              | <b>\$157,500</b> |

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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### **Agency Capital Investments Summary:**

#### **Current State / Issues**

- DMME owns its facility in Big Stone Gap, Wise County. This facility is 13 years old and requires increasing amounts of maintenance to replace or update systems and facility components (such as HVAC, carpeting, paint, pavement and walkways, landscaping) as they reach the end of their useful lives.
- Other DMME facilities are located in leased space or in buildings owned by other state agencies.
- DMME must maintain a fleet of four-wheel drive vehicles for staff to access regulated mine sites. DMME operates its own garage-vehicle maintenance facility adjacent to its Big Stone Gap office to ensure cost-effective and reliable fleet operations.
- DMME maintains an agency radio system to provide for needed communication between field staff and its offices and among field staff. This system consists of in-vehicle and in-office radios and a series of repeaters located at high points throughout Southwest Virginia. Most of the repeater sites are located at State Police radio towers.

#### **Factors Impacting Capital Investments**

- DMME will need to meet maintenance standards to maintain its facilities in top condition.
- The Commonwealth is implementing the Statewide Agency Radio System (STARS), which will replace the DMME radio system. DMME will no longer be required to maintain its independent repeater equipment.

#### **Capital Investment Alignment**

- The majority of DMME's customers are located in the seven Southwest Virginia counties and City of Norton. DMME must maintain its primary office and vehicle maintenance facilities in Southwest Virginia to provide the customer services necessary under the agency's mission.

## Agency Goals

### **Goal #1:**

***Provide for safe and environmentally sound mineral and fossil fuel extraction.***

#### **Goal Summary and Alignment:**

Virginia needs energy and mineral resources to support its economy. Persons working at Virginia's mineral extraction sites, persons living in the vicinity of the sites, and Virginia's environment should be protected from the negative effects of producing these energy and mineral resources.

#### **Statewide Goals Supported by Goal #1**

- Be a national leader in the preservation and enhancement of our economy.
- Protect, conserve and wisely develop our natural, historical and cultural resources.
- Protect the public's safety and security, ensuring a fair and effective system of justice and providing prepared response to emergencies and disasters of all kinds.
- Ensure that Virginia has a transportation system that is safe, enables easy movement of people and goods, enhances the economy and improves our quality of life.

#### **Objectives For Goal #1**

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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### Objective 1.01

*To eliminate accidents, injuries, and fatalities at mineral and fossil fuel sites.*

#### Measures For Objective 1.01

- **Measure 1.01.01**

***Serious personal injury-fatality incident rate.***

**Measure Type:** Outcome

**Measure Frequency:** Annually

**Measure Baseline:** The five-year rolling average of this measure is 0.36 incidents per 200,000 work hours.

**Measure Target:** Reduce the five-year rolling average each year.

**Measure Source and Calculation:**

Data is collected from reports of serious personal injuries and fatalities submitted by permitted mine operators throughout the year and the reports of employee work hours reported by permitted mine operators on their annual tonnage reports submitted to DMME. The rate is calculated as the number of serious personal injuries and fatalities per 200,000 work hours. DMME evaluates the five-year rolling average of this rate to determine the trend.

- **Measure 1.01.02**

***Safety violations successfully eliminated by the violations' due dates***

**Measure Type:** Outcome

**Measure Frequency:** Every Six Months

**Measure Baseline:** Mineral extraction operators corrected 97.4% of safety violations by their due date during the last three years.

**Measure Target:** Maintain at least a 95% elimination rate.

**Measure Source and Calculation:**

This measure is calculated using information from DMME's automated enforcement systems. Records of violations show date issued, target date for correcting the violation, and date the violation is corrected. The percentage is calculated based on total number of safety violations corrected by their due dates and of total safety violations issued.

#### Strategies For Objective 1.01

- DMME will identify and eliminate unsafe conditions and practices through assistance and consistent, thorough inspections to ensure compliance with laws and regulations.
- DMME will provide assistance to enhance safe mining and well site conditions and practices, including:
  - Regular evaluation of customer operational risk factors, safety performance, and emergency preparedness and response capabilities..
  - Proactive review and consultation with customers and stakeholders concerning identified safety risks and needed improvements.
  - Follow-up contacts with customers and stakeholders to evaluate the extent that risk and safety concerns are addressed.
- DMME will investigate accidents and complaints and take actions to prevent future occurrences of unsafe acts and conditions.
- DMME will assess company and individual responsibility for violations of laws and regulations and take appropriate actions to prevent future violations.



# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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- DMME will minimize duplication of inspection activities through communication and coordinated inspections and investigations with other local, state, and federal agencies
- DMME's divisions will collaborate on safety issues involving mining and gas and oil activities, including:
  - Developing comprehensive automated mapping of all DMME's mine, gas well, and geologic data.
  - Communicating on issues of mutual concern related to mining and gas well activities.
  - Increasing coordination of DMME's inspection activities.

### Objective 1.02

***To eliminate adverse environmental conditions and public safety hazards resulting from mineral and fossil fuel extraction sites.***

#### **Measures For Objective 1.02**

##### ● Measure 1.02.01

***Permitted sites with no adverse off-site environmental damage or public safety hazards.***

**Measure Type:** Outcome

**Measure Frequency:** Every Six Months

**Measure Baseline:** The five-year rolling average is 99.3%.

**Measure Target:** Maintain the five-year rolling average above 95%.

**Measure Source and Calculation:**

This measure is calculated using information from DMME's automated enforcement systems. Records of violations show whether there was any off-site damage or public safety hazard related to a violation of environmental laws or regulations. The number of sites with no violations causing off-site impacts is calculated as a percentage of permitted sites.

##### ● Measure 1.02.02

***Environmental violations successfully eliminated by the violations' due dates.***

**Measure Type:** Outcome

**Measure Frequency:** Every Six Months

**Measure Baseline:** The five-year rolling average is 79.9%.

**Measure Target:** Maintain at least an 80% elimination rate.

**Measure Source and Calculation:**

This measure is calculated using information from DMME's automated enforcement systems. Records of violations show date issued, target date for eliminating the violation, and date the violation is eliminated. The total number of environmental violations eliminated by their due date is calculated as a percentage of total environmental violations issued.

#### **Strategies For Objective 1.02**

- DMME will provide timely review and approval, consistent with laws and regulations, of permits, certificates, and plans.
- DMME will collaborate seamlessly on environmental and public safety issues involving coal and gas well activities.
- DMME will work with customers and stakeholders proactively to seek joint resolution of significant and emerging issues.

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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- DMME will reclaim high priority and emergency, abandoned, orphaned, and forfeited sites using available resources.
- DMME will enhance inventory lists of abandoned, orphaned, and forfeited sites by using criteria such as watershed, wetland, carbon sequestration, and economic development site information.
- DMME will pursue methods, such as external funding, partnerships, leveraging, and cooperating with other state and federal projects, to advance the elimination of adverse environmental and public health and safety hazards.
- DMME will provide assistance and consistent, thorough inspections to ensure compliance with laws and regulations and to identify and eliminate adverse environmental conditions and public safety hazards. Assistance and inspections will be coordinated among DMME's divisions and with other local, state, and federal agencies.
- DMME will identify "red zone" areas and ensure increased public protection through permitting requirements, inspections, and assistance.
- DMME will investigate health, safety, and environmental issues, concerns, and complaints.

### Objective 1.03

***To improve the health, safety, and environmental knowledge and skills of mineral and fossil fuel extraction workers.***

#### **Measures For Objective 1.03**

##### ● **Measure 1.03.01**

***DMME provided mine safety training rating.***

**Measure Type:** Outcome

**Measure Frequency:** Every Six Months

**Measure Baseline:** The two-year rolling average is 70.2%.

**Measure Target:** Maintain the rolling average above 70%.

**Measure Source and Calculation:**

This measure is calculated using results of evaluations completed by miners attending DMME's mine safety training. The percentage of miners rating the information as very helpful or very effective in helping them work more safely (level 5 on a 1 to 5 scale) is calculated from the total number of miners in the training sessions.

#### **Strategies For Objective 1.03**

- DMME will provide for certification and related training programs that:
  - Ensure required competency in critical job skills.
  - Address the needs of mine operators and miners.
  - Develop and promote web delivery capabilities.
- DMME will develop and provide educational services and training materials based upon trends to reduce accidents, injuries, and health and safety violations.
- DMME will assess the education and training needs of mineral and fossil fuel workers and provide leadership for the development and delivery of innovative and effective training concepts and methods.
- DMME will partner with other providers of training programs and services and will participate in training with other entities.

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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### **Goal #2:**

***Encourage economic development through our customers' wise management of Virginia's energy, mineral, land, and water resources.***

#### **Goal Summary and Alignment:**

Virginia should use its energy mineral resources in a way that minimizes waste of and enhances conservation of the resources, so that the resources are available to support the state and the national economy.

#### **Statewide Goals Supported by Goal #2**

- Be a national leader in the preservation and enhancement of our economy.
- Protect, conserve and wisely develop our natural, historical and cultural resources.

#### **Objectives For Goal #2**

##### **Objective 2.01**

***To improve our customers' ability to establish and maintain efficient, viable operations.***

##### **Measures For Objective 2.01**

###### ● **Measure 2.01.01**

***Timely decisions on initial permit applications.***

**Measure Type:** Outcome

**Measure Frequency:** Every Six Months

**Measure Baseline:** The five-year rolling average is 97.8%.

**Measure Target:** Maintain the five-year rolling average above 95%.

###### **Measure Source and Calculation:**

This measure is calculated using permit-tracking data from DMME's divisions. Each division totals the number of permit decisions made within the time deadlines for that program as compared to total permit decisions due that quarter. These numbers are used to calculate the percentage of timely permit decisions.

##### **Strategies For Objective 2.01**

- DMME will provide effective, timely, and useful assistance to its customers through site visits, referrals, training, consultative services, technology transfer, partnerships, or leveraging other resources.
- DMME will involve its customers and stakeholders in continually identifying, developing, and implementing process improvements to include e-government, regulatory guidance, electronic information/data distribution, and technical assistance.
- DMME will work with federal agencies, coal mine operators, utilities, landholders, public-private partnerships, and community interests to expand land reclamation and development through reining.
- DMME will promote energy savings, use of alternative energy providers, and use of alternative energy sources with a focus on state facilities, communities, and local governments and will provide support for energy emergency response.
- DMME will evaluate the feasibility of involvement in energy, environmental, and economic development initiatives in key technologies, such as solar, wind, biodiesel, geothermal, synfuels, and hydrogen.

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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- DMME will identify, prioritize, conduct, and make available results of geologic and mineral resource investigations which facilitate economic development.
- DMME will collaborate with state, regional, and local economic development organizations to provide information on the mineral and energy infrastructure useful for development opportunities.
- DMME will collaborate with state and federal agencies and customers to explore opportunities for coordination of shared regulatory authority, coordination of available resources, and to review current and anticipated issues and impacts to agencies and customers.

### Objective 2.02

***To improve our customers' capabilities in the development and wise use of rock, mineral, land, water, and energy resources.***

#### **Measures For Objective 2.02**

- **Measure 2.02.01**

##### ***Virginia Geospatial Data Index***

**Measure Type:** Outcome

**Measure Frequency:** Every Six Months

**Measure Baseline:** The index has grown by an average of 8% per year since July 1, 2000.

**Measure Target:** DMME's target is to increase the index by at least 4% per year.

**Measure Source and Calculation:**

This measure is calculated based on the level of detail and degree of completion of geologic information and maps available in web, digital, published paper, or open file form, adjusted based on a relevance factor related to population growth in each county covered by the data. The index is used to calculate percentage growth per year.

- **Measure 2.02.02**

##### ***Customer forms submitted electronically.***

**Measure Type:** Outcome

**Measure Frequency:** Every Six Months

**Measure Baseline:** DMME customers submitted approximately 50% of forms electronically to DMME in FY 2004.

**Measure Target:** 75% of forms submitted electronically.

**Measure Source and Calculation:**

DMME's divisions count the number of electronic form submissions using activity logs. The total number of form submissions is estimated by DMME's program managers based on the level of business activity. This measure is calculated as a percentage of the number of forms submitted electronically as compared to an estimate of the total number of forms submitted by DMME's customers.

#### **Strategies For Objective 2.02**

- DMME will identify, prioritize, develop, and make available information that meets customers' needs.

# Agency Strategic Plan

## *Department of Mines, Minerals and Energy*

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- DMME will support state, regional, and local economic development organizations to enhance development, such as:
  - Industrial parks.
  - Commercial development sites.
  - Highway construction.
  - Utility construction.
  - Coal to liquid.
  - Agricultural, biomass, or waste-to-energy.
- DMME will conduct geologic and mineral resource investigations based upon a defined rationale that identifies the areas and concepts of investigation.
- DMME will seek opportunities to partner with stakeholders to develop mined land for economic development and other beneficial land uses, such as carbon sequestration projects, industrial development sites, and other types of facilities and uses.
- DMME will update the agency's web site and expand the number of products that are electronically available.
- DMME will identify information needs, opportunities, and delivery methods to communicate the value of agency services, products, and results.
- DMME will identify emerging issues, such as total maximum daily load (TMDL) requirements, Abandoned Mined Land (AML) program continuation, offshore drilling, logging, single source coal reporting, and consolidated federal coal permitting and work with its customers, to address potential impacts.
- DMME, in collaboration with the State Corporation Commission, Department of Environmental Quality, and the Virginia Center for Coal and Energy Research will lead in preparation of and updates to the 10-year Virginia Energy Plan.
- DMME will implement an informational and educational initiative addressing areas of increased public interest in energy and resource extraction activities.

### **Goal #3:**

***Provide for the effective performance of DMME personnel.***

#### **Goal Summary and Alignment:**

By maximizing the effectiveness and efficiency of its personnel, DMME will ensure that it is a benchmark for excellence in providing value-added services to its customers in an atmosphere of trust.

#### **Statewide Goals Supported by Goal #3**

- Engage and inform citizens to ensure we serve their interests.
- Be recognized as the best-managed state in the nation.

#### **Objectives For Goal #3**

##### **Objective 3.01**

***To perform administrative functions in compliance with externally mandated and internal performance standards.***

##### **Measures For Objective 3.01**

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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- **Measure 3.01.01**

***DMME rating in external audits (APA, DOA, others)***

**Measure Type:** Outcome

**Measure Frequency:** Other

**Measure Baseline:** DMME has not received any major written findings in the last APA and DOA audits.

**Measure Target:** No major written findings.

**Measure Source and Calculation:**

Data is derived from external audit reports. This measure counts the number of major written findings in external audits.

**Strategies For Objective 3.01**

- DMME will perform administrative functions to include grant management, budgeting, accounting, accounts payable, human resources, procurement, inventory, information technology services and computer security, document retention, media relations, public information, regulatory and legislative review and development, intellectual properties management, internal auditing, fleet management, and issues management in compliance with state, federal, and agency regulations and procedures.
- All DMME employees will be involved in developing the procedures for compliance, identifying opportunities for innovation, and ensuring open communications throughout the department.
- DMME will evaluate employee's duties to ensure that essential functions can be performed at all times while concurrently participating in and benefiting from cross training, access to technology and management systems, and downward delegation of authority.

**Objective 3.02**

***To enable all DMME employees to meet or exceed their annual employee objectives established in their Employee Work Profiles each year.***

**Measures For Objective 3.02**

- **Measure 3.02.01**

***Employees rated at contributor or above in annual performance reviews.***

**Measure Type:** Outcome

**Measure Frequency:** Annually

**Measure Baseline:** 100% of DMME employees received a contributor or higher rating in 2004.

**Measure Target:** 100% of employees rated at contributor or above.

**Measure Source and Calculation:**

Data is derived from completed employee performance review forms. The measure is calculated as a percentage of employees being rated at contributor or above in annual employee performance reviews.

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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- **Measure 3.02.02**

**Average hours of training by DMME employees.**

**Measure Type:** Output

**Measure Frequency:** Every Six Months

**Measure Baseline:** 38.6 hours/employee for FY 2005.

**Measure Target:** 40 hours/employee/year.

**Measure Source and Calculation:**

Data is taken from the DMME University training system. The system is used to generate a report of DMME training hours per employee.

### **Strategies For Objective 3.02**

- DMME employees will work with their supervisors to update their Employee Work Profiles to successfully implement the Strategic and Operational Plans through:
  - Incorporating physical requirements into individual Employee Work Profiles by July 1, 2006.
  - Documentation of work by position to facilitate cross training.
  - Incorporating safety performance measures into Employee Work Profiles by September 1, 2006.
  - Mentoring.
  - Inter-divisional job exchanging.
  - Technology and other skills training.
  - Addressing the authority to accomplish expectations.
  - Increased employee recognition and the use of rewards.
  - Interaction necessary to ensure buy-in.
- Each DMME employee will take personal responsibility for improving communications as reflected in each Employee Work Profile by:
  - Giving priority to communications skills development.
  - Including communications issues in operational team, staff, and section meetings.
  - Participating in focus groups to solve specific communications problems.
  - Interacting by sharing information and work experiences with other divisions when our actions affect those divisions' services.
- Each employee will obtain and document targeted annual training (recommended at 40 hours) through:
  - Identifying needs in the Personal Learning Goals section of the Employee Work Profile.
  - Full use of DMME University training opportunities and tracking system including pursuing specialized needs through such sources as internal training seminars, federal agency training resources, trade associations, partnerships with other agencies, community college system, and self-directed initiatives.
  - Taking workplace violence prevention training by October 1, 2006.

DMME will further develop its internal capabilities for delivering training in the DMME University.
- Training opportunities will be made available to enable employees to make decisions that are consistent with DMME's values and that result in quality customer service as described in its Strategic and Service Area Plans.
- DMME will develop written task descriptions for all positions by September 1, 2006.

### **Objective 3.03**

***To ensure DMME provides high-quality services to our customers.***

# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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### **Measures For Objective 3.03**

- **Measure 3.03.01**

***DMME employee survey about administrative services.***

**Measure Type:** Outcome

**Measure Frequency:** Every Six Months

**Measure Baseline:** The average rating for FY 2004 was meets or above on 100% of surveys.

**Measure Target:** A rating of meets or exceeds from 90% of customers.

**Measure Source and Calculation:**

One-half of DMME employees are surveyed each six months about the quality of administrative services. The percentage of employees with an average rating of meets or exceeds is calculated.

### **Strategies For Objective 3.03**

- All managers and their staff will serve their customers by:
  - Taking initiative and being innovative.
  - Evaluating new ideas for implementation.
  - Advancing inter- and intra-divisional consistency.
  - Eliminating or controlling internal and external barriers to customer service.
  - Freely forming work teams across DMME to improve services.
  - Communicating in accordance with our values.
- DMME will use recommendations from the Seamless Task Force, customers, and employees to improve customer service across division lines.
- Each employee will utilize both customer comment and numeric customer satisfaction measures and other performance measures to improve services delivered.
- DMME will review current processes identified through customer surveys as needing to be improved and implement approved continuous quality improvement changes to enhance seamless and efficient operations.

### **Objective 3.04**

***To provide for the most efficient and effective application of DMME resources.***

### **Measures For Objective 3.04**

- **Measure 3.04.01**

***Prompt pay compliance.***

**Measure Type:** Outcome

**Measure Frequency:** Every Six Months

**Measure Baseline:** 99.75% of dollars were paid within 30 days in FY 2005.

**Measure Target:** At least 95%.

**Measure Source and Calculation:**

Data is taken from Department of Accounts' reports of prompt pay compliance. The percentage of total payments made within 30 days of the invoice approval date is calculated.



# Agency Strategic Plan

## Department of Mines, Minerals and Energy

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- **Measure 3.04.02**

***Payroll processing accuracy.***

**Measure Type:** Outcome

**Measure Frequency:** Every Six Months

**Measure Baseline:** 98.8% accurate for FY 2004.

**Measure Target:** 98% of entries accurate on their initial entry.

**Measure Source and Calculation:**

Data showing the number of corrections needed to payroll records is compared to the total number of records processed.

- **Measure 3.04.03**

***Vehicle maintenance time spent on vehicle service.***

**Measure Type:** Outcome

**Measure Frequency:** Every Six Months

**Measure Baseline:** 73% of available hours in FY 2004 spent were on direct vehicle repair.

**Measure Target:** 70% of available staff hours.

**Measure Source and Calculation:**

Data is taken from work logs of DMME vehicle repair staff. The time spent directly working on vehicles is calculated against the total available time on the job.

- **Measure 3.04.04**

***Purchases made within 24 hours of requisition entry.***

**Measure Type:** Outcome

**Measure Frequency:** Every Six Months

**Measure Baseline:** 97.8% purchase orders entered within 24 hours of requisition time in FY 2004.

**Measure Target:** 95%.

**Measure Source and Calculation:**

Data is taken from purchaser logs. Requisition processing time is measured. Percentage completed within 24 hours of requisition entry time is calculated.

### **Strategies For Objective 3.04**

- DMME will compile strategic planning and budgeting documents from the divisions' operating plans, performance measures, baselines, targets, and other background information.
- DMME will monitor its financial needs and projected revenues, and their impacts on services.
- Divisions that serve common customers will review and evaluate current operational activities for the purpose of streamlining, minimizing duplication of services, and reducing costs.
- DMME will train employees about, as well as test and maintain, its Continuity of Operations, Health and Safety, and Workplace Violence Prevention plans.
- DMME will work to create a grant development and management function within the agency.

### **Objective 3.05**

***To enable DMME employees to effectively utilize available technology.***

### **Measures For Objective 3.05**

# Agency Strategic Plan

## *Department of Mines, Minerals and Energy*

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- **Measure 3.05.01**

- DMME technology Survey.***

- Measure Type:** Outcome

- Measure Frequency:** Annually

- Measure Baseline:** The four-year average score is 3.02.

- Measure Target:** Maintain at least a 3.0 average.

- Measure Source and Calculation:**

- Data is taken from the annual DMME employee technology survey. The average score for satisfaction (on a 1 to 4 scale) is calculated for the 24 technology types addressed in the survey. The average score for each technology type is then averaged across the complete survey.

### **Strategies For Objective 3.05**

- The DMME Strategic Team will, on a quarterly basis, review and prioritize agency information technology needs and projects.
- DMME will develop an information technology expenditure plan to ensure high-quality, cost effective technology is available to serve agency customers.
- DMME will implement the recommendations of the department's digital mapping team.
- DMME will implement expanded electronic-government services for its customers.
- All DMME employees will use technology to enhance their job performance and with their respective supervisors will identify training needed for effective use of technology.
- DMME will implement the agency-standard geographic position system (GPS) methodologies recommended by the DMME GPS team.
- DMME will expand high-speed remote access for DMME's field staff and office web-conferencing capabilities.
- DMME will review processes to eliminate duplication and enhance utilization of electronic systems as they are developed or rewritten in order to move towards a paperless environment while maintaining existing services.